

ST. VINCENT DE PAUL BATON ROUGE COUNCIL
PARTICULAR COUNCIL OF ST. VINCENT DE PAUL OF BATON ROUGE, LOUISIANA
ST. VINCENT DE PAUL COMMUNITY PHARMACY, INC.
ST VINCENT DE PAUL PROPERTIES
THE SOCIETY OF ST VINCENT DE PAUL FOUNDATION

SEPTEMBER 30, 2012

BATON ROUGE, LOUISIANA

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date APR 03 2013

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February 25, 2013

Independent Auditor's Report

To the Board of Directors
St. Vincent de Paul Baton Rouge Council
Particular Council of St. Vincent de Paul of Baton Rouge, Louisiana
St. Vincent de Paul Community Pharmacy, Inc.
St. Vincent de Paul Properties
The Society of St. Vincent de Paul Foundation
Baton Rouge, Louisiana

We have audited the accompanying Consolidated Statement of Financial Position of St. Vincent de Paul Baton Rouge Council, Particular Council of St. Vincent de Paul of Baton Rouge, Louisiana, St. Vincent de Paul Community Pharmacy, Inc., St. Vincent de Paul Properties, and The Society of St. Vincent de Paul Foundation (the Organizations) as of September 30, 2012, and the related Consolidated Statement of Activities, Functional Expenses, and Cash Flows for the year then ended. These financial statements are the responsibility of the Organizations' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organizations referenced above as of September 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 25, 2013, on our consideration of the Organizations' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

Hannia T. Bourgeois, LLP

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2012

ASSETS

Current Assets:

Cash	\$ 1,756,235
Grants Receivable	744,173
Other Receivable	21,810
Accrued Interest	6,281
Prepaid Expenses	41,895
Inventory	<u>390,475</u>
Total Current Assets	2,960,869

Property, Plant and Equipment, Net of Accumulated Depreciation	<u>4,716,757</u>
Total Assets	<u><u>\$ 7,677,626</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Current Portion of Notes Payable	\$ 457,150
Accounts Payable	337,174
Accrued Liabilities	68,418
Deferred Revenue	<u>26,336</u>
Total Current Liabilities	889,078

Net Assets:

Unrestricted	6,479,986
Temporarily Restricted	235,736
Permanently Restricted	<u>72,826</u>
Total Net Assets	<u>6,788,548</u>
Total Liabilities and Net Assets	<u><u>\$ 7,677,626</u></u>

The accompanying notes are an integral part of this statement.

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CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenue:				
Public Support:				
Contributions	\$ 908,338	\$ 817,865	\$ -	\$ 1,726,203
Conference Income	611,569	-	-	611,569
Donated Facilities/Commodities/ Inventory/Pharmaceuticals/Services	3,411,333	-	-	3,411,333
Total Public Support	4,931,240	817,865	-	5,749,105
Revenue:				
Grant Income	-	1,404,763	-	1,404,763
Sale of Merchandise	1,706,086	-	-	1,706,086
Miscellaneous Income	133,687	-	-	133,687
Gain (Loss) on Disposition of Assets	(69,626)	-	-	(69,626)
Interest Income	17,066	1,516	-	18,582
Total Revenue	1,787,213	1,406,279	-	3,193,492
Total Public Support and Revenue	6,718,453	2,224,144	-	8,942,597
Net Assets Released from Restrictions:				
Satisfaction of Restrictions	2,004,573	(2,004,573)	-	-
Total Public Support, Revenue, and Net Assets Released from Restrictions	8,723,026	219,571	-	8,942,597
Expenses:				
Program Services	7,463,540	-	-	7,463,540
Fund Raising	234,171	-	-	234,171
Management and General	275,761	-	-	275,761
Total Expenses	7,973,472	-	-	7,973,472
Increase (Decrease) in Net Assets	749,554	219,571	-	969,125
Net Assets at Beginning of Year	5,743,535	16,165	72,826	5,832,526
Transfer of Conference	(13,103)	-	-	(13,103)
Net Assets at End of Year	<u>\$ 6,479,986</u>	<u>\$ 235,736</u>	<u>\$ 72,826</u>	<u>\$ 6,788,548</u>

The accompanying notes are an integral part of this statement.

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CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Program Services						
	Store	Dining Room	Shelter	Particular Council	Housing Services	Properties	Council
Salaries and Employee Benefits	\$ 608,081	\$ 178,485	\$ 429,497	\$ 43,000	\$ 41,637	\$ -	\$ -
Payroll Taxes	51,225	14,886	36,172	6,500	3,375	-	-
Advertising	90,523	601	1,459	-	-	-	-
Auto	58,571	1,434	3,426	-	787	-	-
Assistance to Needy	18,126	618	112,620	-	94,066	-	-
Assistance to Needy by							
Conferences	-	-	-	-	-	-	576,005
Dues & Publications	683	55	1,551	-	-	-	-
Employee Benefits	20,456	6,751	14,864	-	2,431	-	-
Food Supply Expense	274	305,851	75,395	-	-	-	-
Insurance	105,702	34,414	51,137	18,000	11,107	-	-
Legal and Professional	23,526	3,569	14,103	900	2,477	1,657	-
Meds Direct	-	-	-	-	-	-	-
Miscellaneous	43,810	25,254	2,695	-	119	-	-
Events	1,158	906	772	-	-	-	-
Printing	1,257	838	838	-	-	-	-
Pharmacist Hours (Donated)	-	-	-	-	-	-	-
Pharmaceuticals (Donated)	-	-	-	-	-	-	-
Pharmaceuticals Purchased	-	-	-	-	-	-	-
Repairs and Maintenance	73,093	24,854	49,643	-	439	-	-
Rent Expense	195,905	-	5,083	6,000	-	-	-
Store & Uniform Expense	1,832,852	-	-	-	-	-	-
Supplies	29,072	33,009	41,290	-	264	-	-
Postage	3,265	2,087	2,087	-	-	-	-
Telephone	28,566	3,201	10,344	-	-	-	-
Travel and Conventions	317	168	845	-	-	-	-
Utilities	51,037	19,402	41,947	-	-	-	-
Subtotal	3,237,499	656,383	895,768	74,400	156,702	1,657	576,005
Depreciation	59,480	34,034	72,072	-	-	-	-
Total	\$ 3,296,979	\$ 690,417	\$ 967,840	\$ 74,400	\$ 156,702	\$ 1,657	\$ 576,005

The accompanying notes are an integral part of this statement.

Foundation	Pharmacy	Total Program	Supporting Services			Total Program and Support
			Fund Raising	Management and General	Total Support	
\$ -	\$ 177,401	\$ 1,478,101	\$ 123,256	\$ 152,347	\$ 275,603	\$ 1,753,704
-	13,621	125,779	9,328	9,952	19,280	145,059
-	142	92,725	25,984	2,216	28,200	120,925
-	-	64,218	-	1,355	1,355	65,573
-	-	225,430	237	299	536	225,966
-	-	576,005	-	-	-	576,005
-	274	2,563	542	220	762	3,325
-	16,019	60,521	5,935	8,663	14,598	75,119
-	-	381,520	1,097	454	1,551	383,071
-	21,488	241,848	4,815	8,583	13,398	255,246
1,712	3,673	51,617	-	17,926	17,926	69,543
-	1,200	1,200	-	-	-	1,200
-	-	71,878	219	2,659	2,878	74,756
-	-	2,836	11,205	3,088	14,293	17,129
-	-	2,933	17,512	3,352	20,864	23,797
-	51,790	51,790	-	-	-	51,790
-	1,282,931	1,282,931	-	-	-	1,282,931
-	99,409	99,409	-	-	-	99,409
-	5,632	153,661	3,839	13,204	17,043	170,704
-	-	206,988	-	-	-	206,988
-	-	1,832,852	-	-	-	1,832,852
-	9,668	113,303	13,096	12,639	25,735	139,038
-	349	7,788	11,051	8,347	19,398	27,186
-	1,943	44,054	4,097	1,635	5,732	49,786
-	-	1,330	419	671	1,090	2,420
-	8,793	121,179	1,539	2,925	4,464	125,643
1,712	1,694,333	7,294,459	234,171	250,535	484,706	7,779,165
-	3,495	169,081	-	25,226	25,226	194,307
\$ 1,712	\$ 1,697,828	\$ 7,463,540	\$ 234,171	\$ 275,761	\$ 509,932	\$ 7,973,472

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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

Cash Flows From Operating Activities:

Increase in Net Assets	\$ 969,125
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities:	
Depreciation	194,307
Gain on Disposition of Assets	1,226
Non-Cash Transfer of Conference	(13,103)
Changes in Assets and Liabilities:	
(Increase) Decrease in Grant Receivable	(506,829)
(Increase) Decrease in Other Receivable	350,071
(Increase) Decrease in Accrued Interest	(4,917)
(Increase) Decrease in Prepaid Expenses	482
(Increase) Decrease in Inventory	(123,223)
(Increase) Decrease in Other Assets	2,905
Increase (Decrease) in Accrued Liabilities	(8,653)
Increase (Decrease) in Accounts Payable	223,938
Increase (Decrease) in Deferred Revenue	(41,664)
Cash Provided by Operating Activities	<u>1,043,665</u>

Cash Flows From Investing Activities:

Investment in GCHP-One Stop, L.L.C.	50
Purchases of Building and Equipment	(1,024,929)
Net Cash Used in Investing Activities	<u>(1,024,879)</u>

Cash Flows From Financing Activities:

Proceeds from the Issuance of Debt	297,150
Cash Provided by Financing Activities	<u>297,150</u>

Net Increase in Cash and Cash Equivalents

315,936

Cash and Cash Equivalents - Beginning of Year

1,440,299

Cash and Cash Equivalents - End of Year

\$ 1,756,235

Supplemental Disclosure of Cash Flow Information:

Non-Cash Transactions	
Transfer of Conference	<u>\$ 13,103</u>
Cash Payments for:	
Interest	<u>\$ 10,880</u>

The accompanying notes are an integral part of this statement.

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

Note 1 - Summary of Significant Accounting Policies -

These consolidated financial statements include the activity of St. Vincent de Paul Baton Rouge Council and its wholly-owned subsidiaries, Particular Council of St. Vincent de Paul of Baton Rouge, Louisiana and its subsidiary, St. Vincent de Paul Community Pharmacy, Inc., St. Vincent de Paul Properties, and The Society of St. Vincent de Paul Foundation (collectively, the "Organizations"). All significant intercompany balances and transactions have been eliminated in consolidation.

Nature of Activities

The Society of St. Vincent de Paul Baton Rouge Council ("Council") is a nonprofit corporation organized under the laws of the State of Louisiana for the following purpose: (a) foster, encourage and carry out the works of charity in the spirit of the Society of St. Vincent de Paul, a lay organization of the Catholic Church; (b) unite all St. Vincent de Paul Conferences in the Diocese of Baton Rouge, Louisiana; (c) ensure that all Baton Rouge St. Vincent de Paul Conferences conduct their affairs according to the Rule set forth in the manual of the Society of St. Vincent de Paul in the United States.

The members of the Council are the presidents of those Baton Rouge SVDP Conferences that are aggregated and in good standing with the Council. The Organization is exempt from income taxes under 501(c)(3) of the Internal Revenue Code.

The Particular Council of St. Vincent de Paul of Baton Rouge ("Particular Council") is a nonprofit corporation organized under the laws of the State of Louisiana for the purpose of operating special works as the Society of St. Vincent de Paul, a lay organization of the Catholic Church; operating salvage stores; providing a feeding facility for the needy; providing three shelters and one day center for the homeless; a transitional apartment complex for homeless women; and employment, rehabilitation and opportunities for personal growth to disadvantaged individuals. The sole member of the Particular Council is the St. Vincent de Paul Baton Rouge Council. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

St. Vincent de Paul Community Pharmacy, Inc. ("Pharmacy") is a nonprofit corporation organized under the laws of the State of Louisiana for the purpose of providing a pharmacy for disadvantaged individuals. The Pharmacy operates as a special work of the Society of St. Vincent de Paul, a lay organization of the Catholic Church. The sole member of the Pharmacy is the Particular Council of St. Vincent de Paul Baton Rouge, Louisiana. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

St. Vincent de Paul Properties ("Properties") is a nonprofit Organization organized and operated for the exclusive purpose of holding title of property, collecting income therefrom, and turning over the entire

amount thereof, fewer expenses, to the Particular Council of St. Vincent de Paul of Baton Rouge, Louisiana, a lay organization of the Catholic Church. The sole member of Properties is St. Vincent DePaul Baton Rouge Council. The Organization is exempt from income taxes under 501(c)(3) of the Internal Revenue Code.

The Society of St. Vincent de Paul Foundation ("Foundation") is a nonprofit corporation organized under the laws of the State of Louisiana to be operated exclusively for the benefit of the Particular Council of St. Vincent de Paul of Baton Rouge, Louisiana, a lay organization of the Catholic Church. The Foundation's primary role is to raise financial resources for the Particular Council. The sole member of the Foundation is St. Vincent de Paul Baton Rouge Council. The Organization is exempt under Section 501(c)(3) of the Internal Revenue Code.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended September 30, 2012.

The Organization files an income tax return in the U.S. federal tax jurisdiction. With few exceptions, the Organization is no longer subject to federal income tax examinations by tax authorities for years before 2008. Any interest and penalties assessed by income taxing authorities are not significant and are included in general and administrative expenses in these financial statements.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The Organizations are required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable.

Contributions

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes, are reported as temporarily restricted or permanently restricted support that increases those net asset classes, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends, or purpose of restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Donated Assets, Goods and Services

Land, buildings and equipment received as donations are recognized in the accompanying financial statements at their estimated fair market value at the date they are received.

The value of donated items received for resale in the salvage store is recognized in the accompanying financial statements at their estimated fair value only to the extent that the items were resold. Any items not resold are not recorded as donations in the financial statements because there is no objective basis available to value such items.

The Organizations recognize contribution revenue for certain services received at the fair value of those services provided those services create or enhance nonfinancial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. During the year ended September 30, 2012, donated services of the pharmacist and accounting services were recorded as the services were performed. The value of other contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. Nevertheless, a number of volunteers donate a significant amount of time in the operations of the stores and dining hall.

The value of donated food received at the dining hall is recognized in the accompanying financial statements based on the number of meals served. Donated pharmaceuticals are reflected as contributions at the time used.

St. Vincent de Paul donates space to two dentists to provide dental services for shelter residents. The dentists provide all of their own supplies. St. Vincent de Paul also donates space to the Baton Rouge Primary Care Collaborative and Thirst for Justice. The Organizations do not record donated revenue for these services because they merely provide the space.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organizations consider all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Inventory

Inventory is valued at the lower of cost or market. Cost is determined using the first-in, first-out method. Inventory is primarily purchased uniforms.

Property and Equipment

Expenditures for the acquisition of property and equipment are capitalized at cost. The fair value of donated property and equipment is similarly capitalized. Depreciation is provided over the estimated useful lives of the assets, which range from 5 to 39 years, using the straight-line and various accelerated methods.

Contributed Facilities

The Organizations operate, without charge, certain premises upon which their salvage store and shelters are located. The estimated fair rental value of the premises is reported as support and expense in the year in which the premises are used.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on the time spent on each program.

Note 2 - Property, Plant and Equipment -

A summary of fixed assets as of September 30, 2012 follows:

	Particular Council of SVDP	St. Vincent de Paul Pharmacy	St. Vincent de Paul Properties	Consolidated Total
Buildings and Leasehold Improvements	\$ 3,410,656	\$ -	\$ -	\$ 3,410,656
Equipment, Furnishings and Vehicles	1,641,779	26,295	-	1,668,074
	5,052,435	26,295	-	5,078,730
Less: Accumulated Depreciation	(1,919,358)	(18,007)	-	(1,937,365)
	3,133,077	8,288	-	3,141,365
Construction in Progress	593,772	-	-	593,772
Land	692,539	-	289,081	981,620
	\$ 4,419,388	\$ 8,288	\$ 289,081	\$ 4,716,757

Depreciation expense for the year ended September 30, 2012 was \$194,307.

Note 3 - Concentrations -

Concentrations of credit risk and revenue sources are limited due to the large number of contributions comprising the Organizations' contributor base.

The Organizations maintain cash accounts with commercial banks, which are insured by the Federal Deposit Insurance Corporation up to the maximum allowed. Periodically, cash may exceed the federally insured amount. In addition, cash is on deposit with the Diocese of Baton Rouge and funds are secured by the investment in the Deposit and Loan Fund and by the guaranty of the Diocese.

Note 4 - 403(b) Program -

Effective December 1999, the Particular Council and the Pharmacy each set up a 403(b) program for its employees. Under the programs, qualified employees are able to make elective deferrals and the Organizations contribute up to a maximum of 6% of qualified wages. The total contribution for the year ended September 30, 2012 for the Particular Council and the Pharmacy was \$58,257 and \$10,022, respectively.

Note 5 - Lease Commitments -

The Particular Council has entered into various lease agreements for the use of building under non-cancelable operating leases. Future minimum lease payments are as follows:

Fiscal Year:

2013	\$ 79,000
2014	63,950
2015	53,200
2016	53,200
2017	31,033
Total Future Minimum Lease Payments	<u>\$ 280,383</u>

The Particular Council has also entered into other lease agreements for the store locations that are renewed annually. Total rent expense for 2012 was \$206,988.

Note 6 - Endowment Funds -

Prior to and as of September 30, 2010, the Particular Council followed the Uniform Management of Institutional Funds Act of 1972 (UMIFA) and its own governing documents. UMIFA required the historical dollar amount of a donor-restricted endowment fund to be preserved. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund was spendable under UMIFA. The Particular Council's donors have limited the use of investment income or net appreciation resulting from the donor-restricted endowment funds for the use of dining room operations.

A version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) was adopted by the State of Louisiana during 2010 with an effective date of July 1, 2010. The new law updates the fundamental investment principles contained in the prior law (UMIFA), by providing standards to establish investment policies in a prudent manner by establishing a duty to minimize cost, diversify the investments, investigate facts relevant to the investment of the fund, consider tax consequences of investment decisions and to ensure that investment decision be made in light of the fund's entire portfolio as a part of an investment strategy having risk and return objectives reasonably suited to the fund and to the organization. UPMIFA also permits the Particular Council to accumulate for expenditure so much of an endowment fund as the Particular Council determines to be prudent for the uses, benefits, purposes and duration for which the endowment fund is established, thereby eliminating the restriction that a fund could not be spent below its historical dollar value. Seven criteria are to be used to guide the Particular Council in its yearly expenditure decisions:

- (1) duration and preservation of the endowment funds,
- (2) the purposes of the Particular Council and the endowment funds,
- (3) general economic conditions,
- (4) effect of inflation or deflation,
- (5) the expected total return from income and the appreciation of investments,
- (6) other resources of the Particular Council, and
- (7) the investment policy of the Particular Council.

The Particular Council has followed the policy of investing its endowment funds in its savings account. As required by generally accepted accounting principles, and in accordance with the terms of the fund agreements, these endowment funds and the net appreciation (depreciation) of these funds are recorded as permanently restricted net assets in these financial statements. The historical cost of the net assets associated with the endowment funds will be preserved, and any remaining net depreciation that is not classified in permanently restricted net assets is classified as temporarily restricted or unrestricted net assets.

Endowment net asset composition by type of fund as of September 30, 2012 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Assets</u>
Donor Restricted Endowment Funds	\$ -	\$ -	\$ 72,826	\$ 72,826

Changes in endowment net assets for the year ended September 30, 2012 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment Assets</u>
Endowment Net Assets, Beginning of Year	\$ -	\$ -	\$ 72,826	\$ 72,826
Contributions	-	-	-	-
Investment Income	-	1,516	-	1,516
Amounts Appropriated for Expenditure	-	(1,516)	-	(1,516)
Endowment Net Assets, End of Year	\$ -	\$ -	\$ 72,826	\$ 72,826

Note 7 - Charitable Remainder Annuity Trusts -

The Particular Council of St. Vincent de Paul of Baton Rouge (Special Works) has been named a remainder beneficiary of two charitable remainder annuity trusts. Two income beneficiaries are to receive, first from income and, to the extent that income is insufficient, from principal, a total annuity equal to the annuity percentage multiplied by the initial net fair market value of the trust assets. Upon the death of the second beneficiary, the remainder principal is to be distributed to Special Works. A noncurrent asset for the charitable remainder trusts could be recognized at the present value of the expected future cash flow payments discounted at a rate of 1.0%. The expected future cash flow of that Organization's share of the fair market value of the trust principal at September 30, 2012 is less than the net present value of the annuity payments. Therefore, the balance of the expected future cash flows at September 30, 2012 equals \$-0-. See Note 14 regarding additional disclosure relating to the beneficiary which occurred after year end.

Note 8 - GCHP- One Stop, L.L.C. - Leases -

St. Vincent de Paul Properties entered into a grounds lease with GCHP-One Stop, L.L.C. on July 30, 2010. This lease has a rental term of 50 years with a renewal option for an additional 25 years. The total lease payments to be received each year equal \$100 and payment is due in January each year. The following is a schedule by year of the future minimal lease payments receivable under the lease at September 30, 2012:

Fiscal Year:	
2013	\$ 100
2014	100
2015	100
2016	100
2017	100
Thereafter	<u>4,300</u>
Total Future Minimum Lease Payments Receivable	<u>\$ 4,800</u>

In addition to the grounds lease indicated above, St. Vincent de Paul Properties entered into a lease with GCHP-One Stop on June 2, 2011 to lease space for the purposes of a Temporary Parking Lot. The lease terms expired on December 31, 2011 (License Term Expiration Date). The lease required the GCHP-One Stop to demolish a building near the parking area and to resurface and fence the parking lot in exchange for the use. Upon the termination of the lease, the improvements will be considered the property of the Particular Council of St. Vincent de Paul of Baton Rouge, Louisiana. Total rental income recorded for this lease during the year end September 30, 2012 amounted to \$62,500 and the improvements recorded during the year totaled \$125,000.

Note 9 - Investment in GCHP- One Stop, L.L.C. -

In July 2010, the Particular Council acquired a 24% interest in GCHP- One Stop, L.L.C., a limited liability company established to develop the One Stop Homeless Service Center and Housing Project. The Particular Council accounts for its investment in the unconsolidated affiliate by the equity method. The Particular Council records its share of such earnings (loss) in the Consolidated Statement of Activities as "Income from GCHP-One Stop, L.L.C." and the carrying value of the investment in the unconsolidated affiliate is recorded in the Consolidated Statement of Financial Position as "Investment in GCHP-One Stop, L.L.C." The investment in the affiliate at September 30, 2012 was not material to record in these financial statements.

Note 10 - Notes Payable -

During 2011, The Particular Council of St. Vincent de Paul of Baton Rouge (Special Works) obtained two individual lines of credit with the Diocese of Baton Rouge. The first line of credit is being used to purchase property on Florida Boulevard, a warehouse on North Street, and to complete the renovations to the warehouse. This line of credit has a maximum borrowing value in the amount of \$470,000 and will be drawn by the Particular Council on an as needed basis. The second line of credit will be used to renovate the Dining Room. This line of credit has a maximum borrowing value of \$525,000 and will be drawn by the Particular Council on an as needed basis. After the funds have been drawn to completion for each project, each line of credit could be converted into individual term loans with the Diocese of Baton Rouge. At September 30, 2012, the balance of the lines of credit totaled \$457,150. The present interest rate on the borrowing is 3.5% and is subject to change until the term loan is completed. The total interest expense paid as of September 30, 2012 is \$10,880.

Note 11 - Net Assets Released from Restrictions -

Net Assets were released from restrictions for incurring expenses satisfying the restricted purpose as follows:

	Particular Council of SVDP	St. Vincent de Paul Pharmacy	Consolidated Total
Hurricane Disaster Funds	\$ 1,376	\$ -	\$ 1,376
Uniforms for Kids	258,362	-	258,362
Warehouse	130,393	-	130,393
Shelter Contributions	180,801	-	180,801
Grants	1,077,495	151,615	1,229,110
Dining Room Contributions	149,080	-	149,080
Dental Contributions	909	-	909
Vehicle Donations	50,551	-	50,551
Build a Basket	3,991	-	3,991
Total Restrictions Released	<u>\$ 1,852,958</u>	<u>\$ 151,615</u>	<u>\$2,004,573</u>

Note 12 - Restrictions on Net Assets -

The Organizations received contributions from individuals for the purpose of helping victims of hurricane disasters. The funds are restricted for hurricane disaster related expenses.

The Organizations received contributions from individuals for the purpose of purchasing school uniforms for disadvantaged children. The funds are restricted to the purchase of new uniforms.

The Organizations received grants from various sources. The funds are restricted for the purpose of the various grants.

The Organizations received contributions for the purpose of expanding the Pharmacy and other building costs. The funds are restricted for the purpose of building related expenses.

The Organizations received contributions for the purpose of funding the production of Taste and See Cookbook. The funds are restricted for the purpose of expenses related to the production of the Cookbook.

Temporarily restricted net assets are available for the following purposes:

	Particular Council of SVDP	St. Vincent de Paul Pharmacy	Consolidated Total
Grants	\$ 33,000	\$ 4,000	\$ 37,000
Shelter	150,220	-	150,220
Dental Contributions	5,477	-	5,477
Vehicle Donations	43,039	-	43,039
	<u>\$ 231,736</u>	<u>\$ 4,000</u>	<u>\$ 235,736</u>

Permanently restricted net assets are available for the following purposes:

Dining Room Operations	\$ <u>72,826</u>
------------------------	------------------

During 1996, the Organizations were named partial beneficiary of a charitable remainder trust terminating in 5 years. The trust terminated in September of 2001. Upon termination, funds totaling \$52,826 became permanently restricted with the future income only to be used for dining room operations.

During 2001, the Organizations received a \$20,000 donation which was to be held in a separate account with the interest only to be used for dining room operations.

Note 13 - Related Party -

The Organizations utilizes the Diocese of Baton Rouge for the following self insured services: property, health, life/disability insurance and dental insurance. Payments made directly to the Diocese of Baton Rouge for these services totaled \$336,183 for the fiscal year ended September 30, 2012. In addition to the self insurance services, the Diocese of Baton Rouge has loaned the Particular Council funds as indicated in Note 10 for the purchase of property and related renovations. The balance due to the Diocese of Baton Rouge at September 30, 2012 is \$457,150 and the Particular Council has made \$10,880 in interest payments related to this debt.

The Organizations utilizes the services of a printing company whose owner is directly related to the Chief Executive Officer/President with Board approval and oversight. Payments made directly to this company totaled \$27,930 for the fiscal year ended September 30, 2012.

Note 14 - Subsequent Event -

In December 2012, the second of the income beneficiaries of the Charitable Remainder Annuity Trusts, as detailed in Note 7, passed away. Based on discussions with the trustee, the Particular Council of St. Vincent DePaul (Special Works) is the remainder beneficiary, and the trusts will be paid to Special Works once the estate has been finalized.

The Organizations evaluated subsequent events and transactions for potential recognition or disclosure on the financial statements through February 25, 2013 the date which the financial statements were available to be issued.

Note 15 - Commitments -

On February 16, 2012, with the consent of the Board of Directors, management executed a construction contract for the renovation of the second floor of the dining room to be converted into a men's shelter. The signed construction contract, including change orders, totals \$611,665. As of September 30, 2012, the remaining balance due on the contract is \$43,617.

On October 11, 2011, with consent of the Board of Directors, management executed a contract with Robert L. Lunsford, Architect, AIA related to the renovation of the second floor of the dining room to be converted into a men's shelter. The contract indicates that the fee to be charged can not exceed seven percent of the construction contract. The contract was budgeted at \$34,750 and has a remaining balance of \$11,025 based on this budget.

**PARTICULAR COUNCIL OF ST. VINCENT DE PAUL OF BATON ROUGE, LOUISIANA
ST. VINCENT DE PAUL COMMUNITY PHARMACY, INC.**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA</u>	<u>Amount of Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>		
Passed through City Parish:		
Emergency Shelter Grants Program Cluster	14.231	\$ 26,031
Supportive Housing Program Grants	14.235	153,353
Community Development Block Grant Cluster- Pharmacy	14.218	64,339
Community Development Block Grant Cluster- Men's Shelter	14.228	525,000
Passed through Louisiana Department of Social Services, Office of Community Services		
Emergency Shelter Grants Program Cluster	14.231	<u>169,292</u>
Total U.S. Department of Housing and Urban Development		938,015
<u>U.S. Department of Agriculture</u>		
Passed through Louisiana Department of Education		
Child Nutrition Cluster - Summer Food Service	10.559	<u>58,266</u>
Total U.S. Department of Agriculture		58,266
<u>U.S. Department of Housing and Urban Development</u>		
American Recovery and Reinvestment Act:		
Passed Through City Parish:		
Homelessness Prevention and Rapid Re-Housing Cluster Program (Recovery Act Funded)	14.257	<u>141,046</u>
Total American Recovery and Reimbursement Act (ARRA)		<u>141,046</u>
Total Federal Grants and American Recovery and Reinvestment Act (ARRA)		<u>\$ 1,137,327</u>

**PARTICULAR COUNCIL OF ST. VINCENT DE PAUL OF BATON ROUGE, LOUISIANA
ST. VINCENT DE PAUL COMMUNITY PHARMACY, INC.**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

Note A - Basis of Presentation -

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of The Particular Council of St. Vincent de Paul of Baton Rouge, Louisiana and St. Vincent de Paul Community Pharmacy, Inc. under programs of the federal government for the year ended September 30, 2012. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of The Particular Council of St. Vincent de Paul of Baton Rouge, Louisiana and St. Vincent de Paul Community Pharmacy, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of The Particular Council of St. Vincent de Paul of Baton Rouge, Louisiana and St. Vincent de Paul Community Pharmacy, Inc.

Note B - Summary of Significant Accounting Policies -

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, Cost Principles for Non-Profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF THE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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February 25, 2013

To the Board of Directors
Particular Council of St. Vincent de Paul of Baton Rouge, Louisiana
St. Vincent de Paul Community Pharmacy, Inc.
Baton Rouge, Louisiana

We have audited the financial statements of the Particular Council of St. Vincent de Paul of Baton Rouge, Louisiana, and St. Vincent de Paul Community Pharmacy, Inc., (the Organizations) as of and for the year ended September 30, 2012, and have issued our report thereon dated February 25, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Organizations is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Organizations' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Organizations' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organizations' internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organizations' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Organizations in a separate letter dated February 25, 2013

This report is intended solely for the information and use of the Board of Directors, management, the Office of the Louisiana Legislative Auditor and any cognizant agency and is not intended to be and should not be used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document and its distribution is not limited.

Respectfully submitted,

Hanniss T. Bourgeois, LLP

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

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February 25, 2013

To the Board of Directors
Particular Council of St. Vincent de Paul of Baton Rouge, Louisiana
St. Vincent de Paul Community Pharmacy, Inc.
Baton Rouge, Louisiana

Compliance

We have audited the Particular Council of St. Vincent de Paul of Baton Rouge, Louisiana, and St. Vincent de Paul Community Pharmacy, Inc.'s, (the Organizations) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organizations' major federal programs for the year ended September 30, 2012. The Organizations' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Organizations' management. Our responsibility is to express an opinion on the Organizations' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organizations' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Organizations' compliance with those requirements.

In our opinion, the Organizations complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2012.

Internal Control Over Compliance

Management of the Organizations are responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organizations' internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organizations' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal controls over compliance that we consider to be material weaknesses, as defined above.

We noted certain matters that we reported to management of the Organizations in a separate letter dated February 25, 2013

This report is intended solely for the information and use of the Board of Directors, management, the Office of the Louisiana Legislative Auditor and any cognizant agency, and is not intended to be and should not be used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document and its distribution is not limited.

Respectfully submitted,

Hanniss T. Bourgeois, LLP

**PARTICULAR COUNCIL OF ST. VINCENT DE PAUL OF BATON ROUGE, LOUISIANA
ST. VINCENT DE PAUL COMMUNITY PHARMACY, INC.**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

(1) Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: Unqualified.

- Material weakness(es) identified? _____ Yes x no
- Significant deficiency(s) identified that are not considered to be material weaknesses? _____ Yes x none reported

Noncompliance material to financial statements noted? _____ Yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes x no
- Significant deficiency(s) identified that are not considered to be material weaknesses? _____ Yes x none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133? _____ Yes x no

Identification of major program:

	<u>CFDA Number</u>	
<u>U.S. Department of Housing and Urban Development</u>		
Passed through City Parish:		
Community Development Block Grant State Administered	14.228	<u>\$ 525,000</u>
Cluster (State Recovery Program – New Men's Shelter)		
 Total U.S. Department of Housing and Urban Development		 <u>\$ 525,000</u>

- The threshold for distinguishing types A & B programs was program expenditures exceeding \$300,000.
- The Organization did qualify as a low-risk auditee.

(2) Findings Relating to the Financial Statements Reported in accordance with *Government Auditing Standards*:
None

(3) Findings Relating to Compliance and Other Matters:
None

(4) Findings and Questioned Cost Related to Federal Awards:
None

**PARTICULAR COUNCIL OF ST. VINCENT DE PAUL OF BATON ROUGE, LOUISIANA
ST. VINCENT DE PAUL COMMUNITY PHARMACY, INC.**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

There were no prior year audit findings.

SUPPLEMENTARY INFORMATION

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February 25, 2013

Independent Auditor's Report on
the Supplementary Information

To the Board of Directors
St. Vincent de Paul Baton Rouge Council
Particular Council of St. Vincent de Paul of Baton Rouge, Louisiana
St. Vincent de Paul Community Pharmacy, Inc.
St. Vincent de Paul Properties
The Society of St. Vincent de Paul Foundation
Baton Rouge, Louisiana

We have audited the consolidated financial statements of the St. Vincent de Paul Baton Rouge Council, Particular Council of St. Vincent de Paul of Baton Rouge, Louisiana, St. Vincent de Paul Community Pharmacy, Inc., St. Vincent de Paul Properties, and The Society of St. Vincent de Paul Foundation as of and for the year ended September 30, 2012, and have issued our report thereon dated February 25, 2013, which contained an unqualified opinion on the financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 26 - 28 is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Respectfully submitted,

Hannis T. Bourgeois, LLP

ST. VINCENT DE PAUL BATON ROUGE COUNCIL
PARTICULAR COUNCIL OF ST. VINCENT DE PAUL OF BATON ROUGE, LOUISIANA
ST. VINCENT DE PAUL COMMUNITY PHARMACY, INC.
ST. VINCENT DE PAUL PROPERTIES
THE SOCIETY OF ST. VINCENT DE PAUL FOUNDATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2012

ASSETS

	St. Vincent dePaul Council	Particular Council of St. Vincent dePaul (Special Works)	St. Vincent dePaul Properties
Current Assets:			
Cash	\$ 211,174	\$ 736,013	\$ 2,000
Grants Receivable	-	744,173	-
Other Receivable	-	21,710	-
Accrued Interest	-	3,348	-
Prepaid Expenses	-	31,532	-
Inventory	-	357,354	-
Due From Related Entities	-	-	-
Total Current Assets	211,174	1,894,130	2,000
Property, Plant and Equipment, Net of Accumulated Depreciation	-	4,419,388	289,081
Total Assets	<u>\$ 211,174</u>	<u>\$ 6,313,518</u>	<u>\$ 291,081</u>

LIABILITIES AND NET ASSETS

Current Liabilities:			
Current Portion of Notes Payable	\$ -	\$ 457,150	\$ -
Accounts Payable	-	337,174	-
Accrued Liabilities	-	61,043	-
Due To Related Entities	-	98	-
Deferred Revenue	-	494	-
Total Current Liabilities	-	855,959	-
Net Assets:			
Unrestricted	211,174	5,152,997	291,081
Temporarily Restricted	-	231,736	-
Permanently Restricted	-	72,826	-
Total Net Assets	211,174	5,457,559	291,081
Total Liabilities and Net Assets	<u>\$ 211,174</u>	<u>\$ 6,313,518</u>	<u>\$ 291,081</u>

See independent auditor's report on the supplementary information.

St. Vincent dePaul Foundation	St. Vincent dePaul Pharmacy	Eliminations	Total
\$ 784,236	\$ 22,812	\$ -	\$ 1,756,235
-	-	-	744,173
-	100	-	21,810
2,933	-	-	6,281
-	10,363	-	41,895
-	33,121	-	390,475
-	98	(98)	-
787,169	66,494	(98)	2,960,869
-	8,288	-	4,716,757
\$ 787,169	\$ 74,782	\$ (98)	\$ 7,677,626

\$ -	\$ -	\$ -	\$ 457,150
-	-	-	337,174
-	7,375	-	68,418
-	-	(98)	-
-	25,842	-	26,336
-	33,217	(98)	889,078
787,169	37,565	-	6,479,986
-	4,000	-	235,736
-	-	-	72,826
787,169	41,565	-	6,788,548
\$ 787,169	\$ 74,782	\$ (98)	\$ 7,677,626

**ST. VINCENT DE PAUL BATON ROUGE COUNCIL
PARTICULAR COUNCIL OF ST. VINCENT DE PAUL OF BATON ROUGE, LOUISIANA
ST. VINCENT DE PAUL COMMUNITY PHARMACY, INC.
ST. VINCENT DE PAUL PROPERTIES
THE SOCIETY OF ST. VINCENT DE PAUL FOUNDATION**

CONSOLIDATING STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>St. Vincent dePaul Council</u>	<u>Particular Council of St. Vincent dePaul (Special Works)</u>	<u>St. Vincent dePaul Properties</u>
CHANGES IN UNRESTRICTED NET ASSETS:			
Unrestricted Public Support and Revenues:			
Contributions	\$ -	\$ 768,854	\$ 331
Conference Income	611,569	-	-
Donated Facilities/Commodities/ Inventory/Pharmaceuticals/Services	-	2,075,981	-
Sale of Merchandise	-	1,706,086	-
Interest Income	-	5,771	-
Gain (Loss) on Disposition of Assets	-	(69,626)	-
Miscellaneous	-	133,442	-
Net Assets Released From Restrictions	-	1,852,958	-
Total Unrestricted Public Support and Revenues	611,569	6,473,466	331
Expenses:			
Program Services	576,005	5,320,711	1,657
Fund Raising	-	222,000	-
Management and General	-	245,676	-
Total Expenses	576,005	5,788,387	1,657
Increase (Decrease) in Unrestricted Net Assets	35,564	685,079	(1,326)

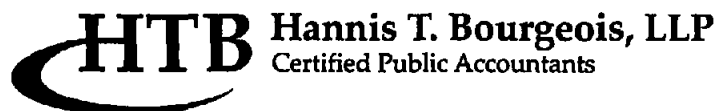
(CONTINUED)

<u>St. Vincent dePaul Foundation</u>	<u>St. Vincent dePaul Pharmacy</u>	<u>Eliminations</u>	<u>Total</u>
\$ -	273,526	\$ (134,373)	\$ 908,338
-	-	-	611,569
631	1,409,121	(74,400)	3,411,333
-	-	-	1,706,086
11,276	19	-	17,066
-	-	-	(69,626)
-	245	-	133,687
-	151,615	-	2,004,573
11,907	1,834,526	(208,773)	8,723,026
1,712	1,703,528	(140,073)	7,463,540
-	35,171	(23,000)	234,171
-	75,785	(45,700)	275,761
1,712	1,814,484	(208,773)	7,973,472
10,195	20,042	-	749,554

	St. Vincent dePaul Council	Particular Council of St. Vincent dePaul (Special Works)	St. Vincent dePaul Properties
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:			
Restricted Public Support and Revenues:			
Contributions	\$ -	\$ 817,865	\$ -
Grant Income	-	1,254,267	-
Interest Income	-	1,516	-
Net Assets Released from Restrictions	-	(1,852,958)	-
Increase (Decrease) in Temporarily Restricted Net Assets	-	220,690	-
Increase (Decrease) in Net Assets	35,564	905,769	(1,326)
Net Assets, Beginning of Year	194,713	4,548,197	291,081
Transfer to (from) Entities	(6,000)	3,593	1,326
Transfer of Conference	(13,103)	-	-
Net Assets, End of Year	\$ 211,174	\$ 5,457,559	\$ 291,081

See independent auditor's report on the supplementary information.

<u>St. Vincent dePaul Foundation</u>	<u>St. Vincent dePaul Pharmacy</u>	<u>Eliminations</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 817,865
-	150,496	-	1,404,763
-	-	-	1,516
<u>-</u>	<u>(151,615)</u>	<u>-</u>	<u>(2,004,573)</u>
-	(1,119)	-	219,571
10,195	18,923	-	969,125
775,893	22,642	-	5,832,526
1,081	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,103)</u>
<u>\$ 787,169</u>	<u>\$ 41,565</u>	<u>\$ -</u>	<u>\$ 6,788,548</u>



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February 25, 2013

To the Board of Directors
St. Vincent de Paul Baton Rouge Council,
Particular Council of St. Vincent de Paul of Baton Rouge, Louisiana,
St. Vincent de Paul Community Pharmacy, Inc.,
St. Vincent de Paul Properties, and
The Society of St. Vincent de Paul Foundation
Baton Rouge, Louisiana

In planning and performing our audit of the financial statements of St. Vincent de Paul Baton Rouge Council, Particular Council of St. Vincent de Paul of Baton Rouge, Louisiana, St. Vincent de Paul Community Pharmacy, Inc., St. Vincent de Paul Properties and the Society of St. Vincent de Paul Foundation (the Organizations) for the year ended September 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Organizations' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organizations' internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated February 25, 2013, on the financial statements of the Organizations.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Organizations' personnel and management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Accounting System

Finding:

During the current year audit, we noted that cash receipts of the Organization are being recorded into a monthly excel spreadsheet that details out the daily deposits made and categorizes them into the various revenue sources. That information is then used to record the monthly cash receipts into the

general ledger via journal entry. Another excel spreadsheet is prepared that tracks grants billed, dollars received and amounts owed at month end. In addition, we noted that accounts payable are tracked in an excel spreadsheet and recorded into the general ledger via journal entry. Use of these types of excel spreadsheets increase the risk of errors as well as duplication of effort.

Recommendation:

We recommend that the Organization discontinue the use of external (Excel) spreadsheets and shift toward utilization of the CSA accounting software, receivables and payable modules. This system allows for the use of accounts receivable and accounts payable modules and would eliminate redundant processing and improve the Organizations' access to information. Implementation of the accounts payable module would allow that invoices only be keyed into the system once and also have the ability to generate accounts payable aging reports and analysis. Use of the accounts receivable module would allow the Organizations the ability to generate an aged receivable listing to assist in the monitoring of receivables and eliminate unnecessary procedures as recording of information into the general ledger via journal entries (and the use of Excel spreadsheets). Additionally, implementation of these modules would allow security features to ensure that only authorized personnel would be allowed to enter, modify, or change data. Other approved users would have the ability to look up data but not to originate or change it.

Segregation of Duties

Finding:

During the current year, we noted that the Accounts Payable Clerk has the ability to make changes to the master vendor file and add new vendors. While the checks and supporting documentation are being reviewed when signed, there is no review of the changes being made to the master vendor file.

Recommendation:

We recommend that a member of management periodically review and approve the modification report for all changes to the master vendor file.

Finding:

During the prior year documentation of internal controls, we noted that the same employee prepares and post journal entries, reconciles the bank accounts, and prepares and processes payroll. We also noted that the bank reconciliations were not reviewed by management after preparation.

Recommendation:

Although the size of the Organizations' staff limits the extent of segregation of duties and management has implemented various procedures to segregate certain duties, we believe certain additional steps could be taken to further segregate incompatible duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

We recommended that the CEO/President authorize and/or approve adjusting journal entries. In addition, we recommended that the bank reconciliations be reviewed for accuracy and completeness on

a timely basis by the CEO/President or check signer. This review should be documented through the signature or initials of the reviewer. While an authorized check signer is signing the payroll checks we recommended that he also review the payroll register for proper pay rates etc and document his review.

Corrective Action Taken:

In response to the recommendations, beginning in the fiscal year ended September 30, 2012, the monthly bank reconciliations and journal entries are now reviewed and signed off by the CEO/President. Additionally, the payroll register is now signed off by the payroll check signer.

Information Technology

Finding:

During the prior year documentation of internal controls, we noted that computer files are backed up and were stored on site. In addition, we noted that password policy of the organization, while requiring a unique password with numbers and letters for each employee, does not require employees to periodically change these passwords.

Recommendation:

One of the main reasons for creating backup files is to be able to recover data in the event of a disaster, such as fire or water damage. This objective is not served if backup files are not kept separate from the regular files. We recommended that daily backup files be stored in the fireproof safe in the Administrative Office. We further recommended that monthly and year-end files be properly labeled and stored off premises in a fireproof vault. Another alternative would be the use of online storage and data backup.

Corrective Action Taken:

In response to the recommendations, the Organizations have implemented daily backups and storage of these backups offsite. The Organizations are in the process of updating all of their equipment which will enhance their technology and will allow for additional security measures to be implemented.

Additional Recommendation:

In order to reduce the risk of access to computer files by unauthorized personnel, we recommended and continue to recommend that the Organizations institute a policy that requires passwords to be changed on a regular basis. The Organizations may also wish to investigate building into its software automatic expiration of passwords to ensure that they are changed periodically.

Cash Receipts

Finding:

During the prior year testing of cash receipts, we noted cash receipts for special events are counted by two individuals and store sales daily deposits and daily sales report are prepared by two individuals. However, the preparation and/or count is not initiated or signed off on by both individuals. Additionally, we noted that the individuals taking the deposits to the bank are typically the same individual preparing the deposit slips at the store locations.

Recommendation:

As an additional segregation of duties, we recommended that the individual responsible for the preparation of the deposit slips is not the same individual that is making the deposit at the bank. We further recommended that individuals responsible for the cash receipts count and for the preparation of the daily sales report are indicating their review and approval of totals.

Corrective Action Taken:

In response to the recommendation, the individual responsible for the preparation of the deposit slips is not the person responsible for the bringing the deposit to the bank. Furthermore, the individuals responsible for the cash receipts count and for the preparation of the daily sales report review and approve the totals by initialing and dating the documents.

Procurement Policy

Finding:

During our prior year audit procedures, we noted the procurement policy of the Organizations required three verbal bids for purchases over \$500 and three written bids for purchases over \$750. Based on our discussions with the Accounts Payable Clerk and review of supporting documentation, the policy was followed for "out of the ordinary" expenditures and not the normal reoccurring expenditures or items that were purchased through Catholic purchasing.

Recommendation:

We recommended that the Organizations review the procurement policy to ensure the proper wording and intent. The policy should be established requiring the purchasing agent or equivalent employee to obtain competitive bids from several suppliers for single purchases over a specified amount or ongoing purchases that are expected to aggregate to a specified amount. The agent should compare the bids and recommend one based on factors, such as cost, quality, delivery, customer support, etc. The recommendation should be approved by the appropriate level of management (CEO/President or Board of Directors) based on the review of the various bids and information supporting the recommendation. The policy should meet, at least, the minimum requirements to comply with state and federal grants.

Corrective Action Taken:

The Organizations have reviewed and updated the procurement policy to address the above issues.

Inventory Observation

Finding:

During the prior year inventory observation for the Pharmacy, we noted several errors in the inventory count due to estimations being used or general human error (i.e. overlooking bottles, items not in the appropriate location, etc). While the total dollar amount of the error was considered to be immaterial to the financials, there was a variance of 928 pills during the observation.

Recommendation:

We recommended the inventory count procedures be reviewed and instructions provided to counters prior to the counting process. In order to obtain an accurate physical inventory count, the inventory items should be neatly organized and additional counters and supervisors performing test counts should be used.

Corrective Action Taken:

The Organizations have reviewed and updated the inventory count policies and procedures to include these recommendations.

St. Vincent de Paul Council

Finding:

During our prior year audit procedures, we noted that the Board of Directors does not review financial information on the St. Vincent de Paul Council during the year. In addition, we noted that the District Council Board does not receive financial statements during the year for review. However, reports are provided from the individual conferences to the St. Vincent de Paul Administrative office on a quarterly basis. We also noted during our auditing procedures that St. Joseph Paulina is operating under their own tax identification number, while still being included in the St. Vincent de Paul Council.

Recommendation:

We recommended that the Board of Directors and the District Council Board receive and review financial reports for St. Vincent de Paul Council on a quarterly basis. We also recommended that the Board review and make a determination as to whether St. Joseph Paulina should be included in St. Vincent de Paul Council.

Corrective Action Taken:

In response to the recommendations, the Comptroller inputs the data from the Conferences on a quarterly basis using the submitted reports. This information is printed out and presented to the Council Officers at the quarterly board meetings. In addition, St. Joseph Paulina has been removed from the financial statements of the District Council since they are separately incorporated.

Homeless Prevention and Rapid Re-housing Grant

Finding:

During our prior year case file testing on the Homeless Prevention and Rapid Re-housing (HPRP) Grant, we noted clerical inaccuracies related to the entering of income on the Household Eligibility Assessment Form/Client Assessment Form (HEAF/CAF), the Consumer Exit Check Sheet, and the Income Eligibility Determination Worksheet. These inaccuracies included the following:

- Applicable pay periods were not input correctly when calculating income on the Income Eligibility Worksheet.
- Current income was input incorrectly on the HEAF/CAF and Consumer Exit Check Sheets for recipients of unemployment.
- A HUD Annual Median Income rate was used to calculate a State case file for eligibility.
- Monthly child support payments were not included in the current income on the Consumer Exit Check Sheet.
- Case file was missing a self declaration of income form.

While these items did not have an overall effect on the eligibility of the 25 case files reviewed, in total we noted clerical inaccuracies on 9 of our sampled items. A combination of the above errors was present in some of the case files.

Recommendation:

We recommended that the program staff review the necessary eligibility determination criteria to ensure accuracy in the calculation of income under the grant. We recommended that the program staff contact the granting agency to determine the appropriate calculation of current income numbers that should be included on the indicated forms. Additionally, we recommended for all calculations of income that the mathematical work for the calculation is shown in the client file that can be agreed to supporting documentation maintained.

Corrective Action Taken:

The case workers met with the granting agency to ensure the calculation of income was being performed properly. All documentation supporting the income calculation is maintained in the client files.

This report is intended for the Board of Directors, management, the Office of the Louisiana Legislative Auditor and any cognizant agency and is not intended to be and should not be used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the legislative auditor as a public document and its distribution is not limited.

Respectfully submitted,

Hannis T. Bourgeois, LLP



Society of St. Vincent de Paul

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March 7, 2013

Hannis T. Bourgeois
Certified Public Accountants
2322 Tremont Drive, Suite 200
Baton Rouge, La 70809

RE: St. Vincent de Paul Administrative/Management Response to the Management Letter
Dated February 25, 2013

To Whom It May Concern:

A. Accounting System

During the current year audit, the auditor noted that cash receipts of the Organization are being recorded into a monthly excel spreadsheet that details out the daily deposits made and categorizes them into the various revenue sources. That information is then used to record the monthly cash receipts into the general ledger via journal entry. Another excel spreadsheet is prepared that tracks grants billed, dollars received and amounts owed at month end. In addition, they noted that accounts payable are traced in an excel spreadsheet and recorded into the general ledger via journal entry.

We will follow the audit recommendation and look into utilizing other modules available with our CSA accounting software in place of our excel sheets. If the CSA modules perform the tasks necessary to achieve our internal efficiency goals, we will implement the new system. In the analysis of CSA accounting software, if they do not provide the appropriate modules, we will investigate other avenues in order to achieve the important goal of discontinuing redundant processing, which will ultimately lead to the improvement of our organization's access to information.

B. Segregation of Duties

During the current year audit, the auditor noted that the Accounts Payable Clerk has the ability to make changes to the master vendor file and add new vendors. While the checks and supporting documentation are getting reviewed when signed, there is not review of the changes being made to the master vendor file.

We will follow the audit recommendation that a member of management periodically review and approve the modification report for all changes to the master vendor file.

C. Information Technology

In order to reduce the risk of access to computer files by unauthorized personnel, we recommended and continue to recommend that the organizations institute a policy that requires passwords to be changed on a regular basis. The organizations may also wish to investigate building into its software automatic expiration of passwords to ensure that they are changed periodically.

In response to the additional audit recommendation regarding the prior year's audit, our organization has implemented a policy that requires passwords to be changed every 90 days. The organization is also investigating the possibility of automatic expiration of passwords, which will be implemented once computer equipment is updated.

If you have any questions or need further information in regard to this matter, please do not hesitate to contact me at (225) 383-7837, ext. 0.

Sincerely,

Michael J Acaldo
President & CEO